

HOUSE BILL 2792

By Boyer

AN ACT to amend Tennessee Code Annotated, Section 7-82-301(a), relative to the compensation to be paid by an annexing municipality to a utility district for the public functions, properties and customers of a utility district conveyed to the annexing municipality.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-301(a), is amended by adding the following language as a new, appropriately designated subdivision:

(3) If an annexing municipality is permitted by state or federal law to choose to be the exclusive provider of utility services in any territory annexed pursuant to §6-51-111(a), and if such territory is within the boundaries of or is being served by a utility district created pursuant to this chapter or pursuant to any private act, then the purchase price for such public functions, properties, and customers conveyed to the annexing municipality shall be on terms agreed to by the parties. If the parties cannot agree upon a purchase price, then the purchase price for the utility district's public functions, properties and customers in the annexed area shall consist of:

(A) The present-day reproduction cost, new, of the utility facilities being acquired, less depreciation computed on a straight-line basis; plus

(B) An amount equal to the cost of constructing any necessary facilities to reintegrate the utility district's system outside of the annexed area after detaching the portion to be sold; plus;

(C)

(i) For water and/or sewer sales by a utility district, an annual amount, payable each year for a period of ten (10) years, equal to twenty-five percent (25%) of the gross revenues received from water and/or sewer sales to present and future customers within the annexed area,

(ii) For gas sales by a utility district, an annual amount, payable each year for a period of ten (10) years, equal to twenty-five percent (25%) of the gross revenues received from gas sales to present and future customers within the annexed area, and

(iii) For gas transportation services by a utility district, an annual amount, payable each year for a period of ten (10) years, equal to fifty percent (50%) of the gross revenues received from gas transportation services to present and future customers within the annexed area.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.